

**Date:** July 19, 2011

**To:** Thomas J. Bonfield, City Manager

**Through:** Wanda S. Page, Deputy City Manager

**From:** Alethea C. Bell, Director of Human Resources

**Subject:** Compensation and Classification Plan Recommendations

**Executive Summary**

Pay adjustments and classification studies are a part of the Well Managed City goal of the Strategic Plan. This agenda item recommends changes to the City of Durham's Compensation and Classification Plan including pay grade changes, classification title changes, additions, and deletions. These changes do not represent additions or deletions of budgeted positions; changes are to pay grade assignment and classification titles (See attachment 1).

The Durham Minimum Livable Wage will increase from \$11.40 to \$11.55 per hour, effective January 1, 2012. A recommended pay structure adjustment for the Durham Minimum Livable Wage is included. This adjustment would be applied to the minimum rates of pay grades 200, 201, and 202 in the City's current pay grade structure. (See attachment 2).

The pay adjustments to the minimums are effective January 1, 2012.

**Recommendation**

The administration recommends the attached updates to the City's Compensation and Classification Plan effective August 15, 2011. This recommendation includes the provision for the higher of a three percent (3%) increase or new pay grade minimum effective August 15, 2011. Implementation of this recommendation will affect the August 26, 2011 pay date for those employees eligible for a salary adjustment resulting from this reclassification process. (Attachment 1)

The administration recommends an increase to the Durham Minimum Livable Wage from \$11.40 to \$11.55 per hour and the attached updates to the pay grade structure related to that increase effective January 1, 2012. (Attachment 2)

**Background**

To remain competitive with changing market rates, the Human Resources Department conducted the annual market salary study in October of 2010. This study surveys comparable organizations within the Southeast region. The pay and classification changes in this agenda item are based both on data collected through this market survey on comparable jobs and on internal equity considerations. Departments were also able to submit requests

to study various positions. Recommended changes related to those studies are included in this agenda item.

The recommendation for the adjustment to the City of Durham's Minimum Livable Wage rate is based on seven and a half percent (7.5%) above the Federal poverty rate for a family of four as established by the United States Census Bureau. The poverty threshold guideline for a family of four as of 3/2011 was \$22,350. This amount,  $\$22,350 \times 1.075/2080 = \$11.55/\text{hr}$ . The calculation based on the above formula supports the recommendation to increase the City of Durham's minimum livable wage and make the recommended adjustments to the pay structure.

### **Alternatives**

No alternatives are recommended.

### **Financial Impact**

The total financial impact for the General Fund is approximately \$72,230. The total financial impact for the Water and Sewer Fund is approximately \$20,835. The financial impact of the combined funds is approximately \$93,065. The financial impact cost for the implementation of the pay grade reassignment changes is based on a three percent (3%) reclassification increase.

### **SBDE Summary**

There are no SBDE requirements.

### **Attachments**

Attachment 1 – Recommended changes to the City's Classification and Compensation Plan, effective July 2, 2011.

Attachment 2 – Recommended changes to the City's Pay Grade Structure, effective January 1, 2012.